



Maltese Government Issues Bill on Cryptocurrencies

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May 2018*

The Maltese Government has issued a bill entitled the Virtual Financial Assets Act (“the Bill”). The aim of the Bill is to provide a sound legislative framework for Malta to regulate and responsibly promote the use of crypto currencies, crypto exchanges and other crypto-related services.

The Bill follows extensive consultation by the MFSA on [Initial Coin Offerings, Virtual Currencies and Related Service Providers](#) as well as the issue of [Supplementary Conditions on Collective Investment Schemes investing in Virtual Currencies](#). This also follows the public discussion on [the establishment of a Maltese DLT Regulator](#) and the ongoing MFSA consultation on the [Financial Instrument Test](#).

Malta is therefore one of the first European countries proposing technology-neutral regulation and by promoting further technological innovations and growth, it is continuing to build on its robust financial services industry.

The Bill primarily establishes legal definitions of numerous cryptocurrency and DLT-related concepts, offering legal certainty to business promoters and investors alike. The popularly-used term “cryptocurrencies” is coined as “Virtual Financial Assets” or “VFAs” and the Bill goes on to define “VFA Services”, including the operation and licensing of a “VFA Exchange”. The concept of an “Initial Coin Offering” or as it is more commonly known, an “ICO”, is being termed as an “Initial VFA Offering” and this excludes the issue of a “virtual token”.

The other main highlights of the Bill are as follows:

- How to conduct an Initial VFA Offering/ICO and licensing and approval requirements
- The requirement of a white paper when conducting an Initial VFA Offering/ICO and what information needs to be included in the whitepaper
- The Licensing Requirements and Process to provide VFA Services in or from within Malta, including for a VFA Exchange
- The Obligations of Licence Holders offering VFA Services, including VFA Exchanges
- Investor Protection and Liability
- Market Abuse Provisions
- Trading Activity on a VFA Exchange



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- The role of VFA Agents in the licensing process
- The powers of the MFSA as the local regulator, applicable penalties and the role of the Financial Services Tribunal when appealing from a decision of the authority

As the proposed Bill moves on to be implemented, we can also expect the MFSA to issue additional guidelines and rules to offer further guidance on this new legislative framework.

Afilexion Alliance, together with our partner GTG Advocates, can provide assistance on the regulatory process, licensing and regulation of ICOs, cryptocurrencies and blockchain, and exchanges, as well as offering advice in assessing the potential and impact of these new developments on your business strategy.

For more information or if you have any questions, please feel free to contact us by sending an email at agtg@aflexion.com

Disclaimer: This article is not intended to impart legal advice and readers are asked to seek verification of statements made before acting on them.



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